GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA

UNSTARRED QUESTION NO:948
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PURCHASE OF AIRCRAFTS
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Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether there is any proposal to purchase more aircraft after the merger of Air India and Indian Airlines;

(b) if so, the details thereof;

(c) whether there is any proposal to issue IPOs of the Airlines;

(d) if so, the details thereof; and

(e) the extent to which the merger has the profitability of both the Airlines?

Answer

MINISTER OF THE STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF CIVIL AVIATION (SHRI PRAFUL PATEL)

(a) and (b): National Aviation Company of India Limited (NACIL) into which Indian Airlines and Air India have been merged, has informed that there is need for additional aircraft after the delivery of the aircraft currently on order is completed by 2011. This is on account of growth in domestic and international traffic, addition of capacity by foreign and Indian private carriers and additional services through synergy benefits from merger. An in-house Joint Working Group has been constituted by NACIL to prepare a concept paper on strategic network and capacity deployment plan.

(c): No such decision has been taken so far for launching the IPOs of the Airlines.

(d): Does not arise.

(e): The merger of the two airlines will provide the following benefits:

(i) Create the largest airline in India, comparable in size to the other competitor airlines in Asia;
(ii) Provide an Integrated international and domestic footprint, which will significantly enhance customer proposition and allow easy entry into a global airline alliance;
(iii) Enable optimal utilization of existing resources through improvement in load factors and yields on commonly serviced routes as well as deployment of `freed up` aircraft capacity on alternate routes;
(iv) Provide an opportunity to fully leverage assets, capabilities and infrastructure;
(v) Provide an opportunity to leverage skilled and experienced manpower available with both the Transferor Companies to the optimum potential;
(vi)Provide a large and growth oriented company for the people in larger public interest;
(vii) Provide maximum flexibility to achieve financial and capital restructuring through revaluation of assets;
(viii) Provide an increased thrust and focus on airline support Businesses. It is estimated that this decision would result in net benefit of about Rs.600 crores during the first 3 years of the merger.